

**Testimony of
Melvin Schmeizer**
Retiree
Bethlehem Steel Corporation

**Before the U.S. Senate
Special Committee on
Aging**

October 14, 2003

Good morning Mr. Chairman and members of the Senate Special Committee on Aging. My name is Melvin Schmeizer. I am 56 years old and a retiree of the Bethlehem Steel Corporation after 35 and a-half years of service.

Two weeks after graduating from high school in June of 1965, I started work at Sparrow Point plant in Baltimore, Maryland. I was assigned to the operation section of the steam department. The work wasn't real hard or dirty, but I had would have had to work shift work my entire career. Ten months later there was an opening for a mechanical helper in the coke oven department. This department rarely laid off, worked mostly daylight hours and paid more money. I was assigned to the coal chemical section of the coke ovens. This area removed chemicals from the gas that came off the batteries of coke ovens and cleaned it to be reused as fuel. Most of my first 15 years in the coal chemical area were spent at the Litol plant.

This facility used a high pressure and high temperature process that produced benzene. This was a particularly hazardous area because of the pureness of the carcinogen

benzene and the possibility of fires and explosions. Two employees were killed on the job by two separate explosions. I was burned by hot oil in 1979 and spent 28 days in the city hospital burn unit. All in all, I thought this was one of the better places to work in the coke ovens. During this period, there was one major plant layoff and I was on the street for 10 months. Later I was able to bump back in to various labor pools for another 14 months. I was also able to advance my job classification from Mechanical Helper to Millwright A. I was married in 1981 to my wonderful wife Alice and also found out there was a lot more overtime available if I volunteered for shift work.

As a turn Millwright, you could be assigned jobs anywhere in the coke oven area. It seemed that in the winter is when you would be sent atop of the coal bridge crane at 2 a.m. and the tears from the wind would freeze on your cheek. In the summer, you'd be sent on top of the oven. You would have to wear wooden clogs strapped to your safety shoes so they would not catch on fire. You had to wear a respirator to protect your lungs from the thick yellow smoke. Sometimes you were sweating so bad, you could see bubbles coming out of the mask. This was where the money was.

This was also about the time when I started to think about retirement. Under the contract, there were two ways to determine how much pension hourly employees would receive.

Option 1: years of service multiplied by a dollar amount. This was okay if you worked 40 hours a week or missed some time due to layoffs or sickness.

Option 2: Years of service times a percentage of the amount of money you made over a 60 consecutive month period during your last ten years of service.

If you could stay healthy, not miss any time on the job, and a fair amount of overtime was available, you could greatly enhance your retirement pension.

In 1989, the coke ovens were shut down and I was back on the street again. After several weeks, I was able to use my plant seniority to bump back into various labor and mechanical pools. In 1991, jobs were open in several mechanical departments and I bid into the cold sheet mill.

When I arrived, I was told I would not like it there because it was hot in the summer, cold in the winter and greasy. Compared to some of the places I had worked in the past, this was like an office job. You could actually see from one end of the building to the other with just a few wisps of steam. It was turn work, but plenty of overtime.

At 1993, there was talk of a new state of the art cold rolling mill that Bethlehem wanted to build. You would only need about half of the employees of the current facility if job combinations were instituted. If the new mill was to be built at Sparrow's Point, the union would have to make concessions. The union agreed to job combinations if the company would offer the displaced employees a \$400 a month bonus upon retirement. The mill was built at Sparrow's Point.

My wife and I decided with a \$400 dollar a month increase in my pension until I reached age 62 and working all of the overtime I could physically handle, we should be able to live comfortably the rest of our lives. I had worked a fair amount of overtime in the past to pay off our house and car loans early. We had a plan to work for a good retirement and be

worry free in our old age. I worked shift work most of my 35 years at the Point and it was hard on both of us. My wife referred to herself as a Bethlehem Steel widow at family functions that she had to attend alone.

Years ago, we started some IRAs and I had a 401(k) plan. There was no matching contributions from the company. We also had some certificates of deposit and money in regular bank accounts.

Bethlehem offered free retirement classes on company property with outside experts on investments and Social Security. I attended the two-night two-hour classes and we decided we were financially secure. I also started going over the retirement and medical benefits books we received after every new contract.

In 2000, retirement meetings were held on company time where Bethlehem representatives gave pension estimates and answered questions. There was a union representative at the meeting. They assured us that if things got bad for the company, the company could not get it's hands on the pension funds and that there were hundreds of millions of

dollars in the fund. He said, "The sky would have to fall for the fund to be depleted and even if it did, the Federal government would pay you 85 percent of your pension if you were 55 and a half years old." So I retired on February 28, 2001.

Well, the sky did fall. The company filed for Chapter 11 bankruptcy protection and later was sold to International Steel Group or ISG. Bethlehem Steel was forced into bankruptcy because of the broader crisis affecting the steel industry, brought on by a flood of dumped foreign steel which caused domestic prices to collapse. The new company, ISG, would not be responsible for Bethlehem's legacy costs which included pensions, life insurance, and health care for the retirees. On December 18, 2002, the Pension Benefit Guarantee Corporation or PBGC took over the pension fund. So my \$2,450 regular monthly pension plus \$400 a month bonus will be reduced to less than \$1,700 a month. While I am disappointed by how much my pension is being reduced, I realize that without ERISA, I would have no pension left at all. My medical insurance, which was costing me \$165 a month for both my wife and I will now cost \$1,028 a month. Fortunately, I can use the health insurance

tax credit or HITC which will cover 65 percent of my payment. My out of pocket payments will be \$357.80 a month unless the rate increase. This I hope will last us until I am 65 and hope Medicare will still be available. I hope prescription drug coverage will also be a part of Medicare by then. Finally, I hope Social Security will be available when I'm 62.

Thank you.